

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7466**

**BILL NUMBER:** SB 403

**NOTE PREPARED:** Feb 26, 2007

**BILL AMENDED:** Feb 26, 2007

**SUBJECT:** Freezing of Credit Reports.

**FIRST AUTHOR:** Sen. Dillon

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) The bill provides that a consumer may prevent access to the consumer's credit report by requesting that the consumer reporting agency place a security freeze on the consumer's credit report. It imposes other requirements and restrictions.

The bill provides that: (1) a consumer reporting agency may furnish a consumer's identifying information only to certain persons; (2) a consumer may bring a civil action against a consumer reporting agency for injury caused to the consumer by the consumer reporting agency's violation of the law; and (3) the Attorney General may bring an action to recover a civil penalty of \$2,500 for a knowing or intentional violation or series of violations concerning one consumer and not more than a total of \$100,000 for knowing or intentional violations of the security freeze law for related violations concerning more than one consumer.

The bill also provides that: (1) a person who fails to comply with the freezing of credit report requirements is liable to a consumer for certain damages; and (2) a person who obtains a consumer report, requests a security freeze, requests to lift a security freeze, or requests a removal of a security freeze under false pretenses or in violation of a law is liable to a consumer reporting agency for certain damages.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** The Office of the Attorney General could incur costs to bring an action for a person knowingly or intentionally violating the provisions concerning consumer credit report security freezes.

**Explanation of State Revenues:** (Revised) A consumer may bring a civil action if the consumer is injured

by a violation of the provision, and a person could be liable for actual damages sustained by a consumer. The penalties under these sections would be payable to the consumer or consumer reporting agency. The Attorney General's Office may also bring an action which could result in a civil penalty of \$2,500 for a violation affecting one consumer or not more than \$100,000 for violations affecting more than one consumer. A penalty for an action brought by the Attorney General would be paid to the state General Fund.

If additional consumer-initiated civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil filing fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund when the case is filed in a court of record. Any additional revenue is likely to be minimal.

(Revised) The Attorney General's Office does not pay court fees to bring an action. However, a defendant may be required to pay court fees, if they do not prevail.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Circuit and superior courts could see an increased number of suits filed as a result of the bill. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. Any additional revenue is likely to be minimal.

**State Agencies Affected:**

**Local Agencies Affected:** Circuit and Superior Courts.

**Information Sources:**

**Fiscal Analyst:** Chris Baker, 317-232-9851.